

# **Exhibit A-8**

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THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of: )

) File No. HO-14036-A

DEEPROOT 575 FUND, LLC )

WITNESS: Robert Mueller

PAGES: 1 through 287

PLACE: Securities and Exchange Commission

100 F Street NE

Washington, D.C.

DATE: Wednesday, June 23, 2021

The above-entitled matter came on for hearing,  
via WebEx, pursuant to notice, at 9:08 a.m.

Diversified Reporting Services, Inc.

(202) 467-9200

1 APPEARANCES:

2

3 On behalf of the Securities and Exchange Commission:

4 ERIC BERELOVICH, ESQ.

5 PAUL BOHR, ESQ.

6 DAVID NASSE

7 CHRISTIAN SCHULTZ

8 SACHIN VERMA

9 GEORGE BAGNALL

10 Counsel, Division of Enforcement

11 U.S. Securities and Exchange Commission

12 202-551-7799

13 bereloviche@sec.gov

14

15

16 On behalf of the Witness:

17 BRYAN M. PRITIKIN, ESQ.

18 ANDREW J. FEDERICO, ESQ.

19 Carlile Patchen & Murphy  
950 Goodale Blvd., Suite 200  
20 Columbus, OH 43212

21 bpritikin@cpmlaw.com

22

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1           Q     Thank you. Mr. Mueller, can you confirm  
2     that you, Mr. Federico, and Mr. Pritikin are the only  
3     persons present in the room where you are testifying  
4     today?

5           A     Yes.

6           Q     Do you agree to tell us if anyone else  
7     enters the room during your testimony?

8           A     Yes.

9                MR. BOHR: Counsel, can you please confirm  
10    that you are the only persons present in the room where  
11    you are located during the testimony?

12              MR. FEDERICO: Yes.

13              MR. PRITIKIN: Yes.

14               MR. BOHR: Do you agree to tell us if  
15    anyone else enters the room during testimony?

16              MR. PRITIKIN: Yes.

17              MR. FEDERICO: Yes.

18            Q     I am Paul Bohr and with me today are George  
19     Bagnall, Eric Berelovich, Christian Schulz, David Nasse,  
20     and Sachin Verma.

21               We are all officers of the Commission  
22    for purposes of this proceeding. Other Commission  
23    officers who may join us at some point are Stephan  
24    Schlegelmilch and Jennifer Leete.

25               Your testimony has been subpoenaed by the

1 at records and stuff that would be in the office, to  
2 know when the next premium payment is due. We have  
3 policies and premiums that are due. And So it's  
4 potentially going to happen. I can't tell you whether  
5 it's in the next 10 seconds or whether it's a next date  
6 in the future.

7           **Q     Is it fair to say that investments in**  
8           **insurance policies are a substantial component of the**  
9           **575 and the DGRD investment strategy?**

10          A Policies. Yes. It states on the PPM is  
11 that we want a primary focus of at least half of the  
12 portfolio to be in life policies.

13          **Q     How do you define the value of PSI's**  
14           **insurance portfolio?**

15          A How do I personally define it?

16          **Q     Yes.**

17          A I think that that's a very difficult  
18 question to answer because I think that when you look at  
19 the many ways that policies have been valued, in the  
20 past and across the industry, most of which I don't  
21 quite comprehend, there's no standard way. On some of  
22 our books or when we are adding things up, it's the face  
23 value. On others, it's the cost basis, which would be  
24 what I understand cost basis to be, it is the purchase  
25 price plus all of the additional payments to them. So

1       the answer is somewhere in between that spectrum.

2           **Q     But when you're communicating or if you**  
3       **were to communicate the value of PSI's insurance**  
4       **portfolio to investors, how would you calculate that**  
5       **value?**

6           A     I wouldn't communicate it that way. I  
7       would communicate it in a way that talked very clearly  
8       about what we meant by the value. Whether it's the  
9       definite value, the face value, or the cost basis value,  
10     et cetera. Because without some context there, it's  
11     very difficult to convey what that spectrum is  
12     sometimes. If it's not needed by the context, you might  
13     not go into a lot of detail. Sometimes, if the context  
14     is necessary, then we'll go into more detail. As we do  
15     like in the PPMs.

16           **Q     You mentioned death benefit, cash value,**  
17       **and cost basis. What would you say, sitting here today,**  
18       **based on death benefit, is the value of PSI's insurance**  
19       **portfolio?**

20           A     I don't believe I said cash value, but I  
21       could be wrong on that. Cash value has very different  
22       connotation. The basis of the cost basis. If I did, I  
23       apologize. I'm correcting that now. Cash value is  
24       basically determined by the insurance company or  
25       insurance agency, which changes almost on a daily basis.

1       **the 575 Fund? And the DGRD Fund?**

2           A      Yes.

3           **Q      Who determines the investment strategy of**

4       **the 575 Fund?**

5           A      I do.

6           **Q      Anyone else?**

7           A      The design strategy would only be me.

8           **Q      Who chooses the asset classes and the**  
9       **actual assets in which the 575 Fund invests?**

10          A      I make the final decision.

11          **Q      You have the ultimate authority over these**  
12       **investment decisions?**

13          A      That is correct.

14          **Q      Who purchases the actual assets in which**  
15       **the 575 Fund invests?**

16          A      I do as officer of the respective company.

17          **Q      Other than attorneys, who has drafted the**  
18       **language used in the 575 Fund PPM?**

19          A      Myself.

20          **Q      Only you?**

21          A      No. That actually brings me back to --  
22        that's why I was looking at the different exhibits you  
23        were handing in the dates. Anything after the S-1 had  
24        -- S-1 incorporating language, which would have been a  
25        combination of attorneys, Centri Business Consulting,

1       BDO, and comments from the SEC.

2           **Q      Okay.**

3           A      The administration division.

4           **Q      But I'm -- I want to stay focused on the**  
5       **575 Fund and the S-1, which of course was audited -- had**  
6       **an audit by -- involved in audit by BDO and comments by**  
7       **SEC Division of Corporation Finance. That's something.**  
8       **That's Deeproot Queue Fund. Just preface --**

9           A      I would quite firmly disagree with that.

10          **Q      I'm focusing on the 575 Fund and the**  
11       **private placement memoranda for the 575 Fund. And my**  
12       **question is, other than attorneys, who drafted the**  
13       **language in the PPMs of the 575 Fund?**

14          A      I did answer that. It was all of the above  
15       that I answered. Attorneys, myself, Centri Business  
16       Consulting, BDO, and the SEC's registration division.

17                 BY MR. SCHULTZ:

18          **Q      Is it your testimony that the SEC's**  
19       **registration division reviewed the PPM and provided**  
20       **comments on it?**

21          A      They did. Oh, I'm sorry. Not the PPM that  
22       we're using here. But they gave comments back on the  
23       Queue Fund and some of the language in the Queue Fund  
24       that came back through that process, after it was well  
25       vetted by all of them, was then incorporated into both

1       the DGRD and the 575's PPM. Is that a little clearer?

2           **Q      Yes. But looking at this 575 PPM, which**  
3       **was, I think, 2015, that's before the Queue Fund S-1**  
4       **process that you just described. Right?**

5           A      No, that is not correct.

6           **Q      When was the Queue Fund S-1 process?**

7           A      Oh. '17, '18? In fact, it would take two  
8       seconds for you all to run this through a word compare  
9       between the Queue Fund's filings and this one and I'm  
10      sure that you'll see a lot of very similar language  
11      backing that up.

12                  BY MR. BOHR:

13           **Q      Mr. Mueller, notwithstanding that there may**  
14       **be similar language. We're talking here only about the**  
15       **PPM for Deeproot 575 Fund LLC, which was not submitted**  
16       **to the Division of Corporation Finance in connection**  
17       **with the Form S-1 process for the Deeproot Queue Fund**  
18       **LLC. That's a different entity. So, I just want to**  
19       **focus on the 575 Fund and ask you who wrote the PPM for**  
20       **the 575 Fund.**

21           A      I'm going to state the same answer that  
22       you've asked before, for the third time, myself,  
23       attorneys, Centri Business Consulting, BDO, and the  
24       SEC's registration division all had a hand in provisions  
25       that are in Exhibit 38 that you've asked me to look at.

1           Q     I'm sorry. Can you repeat that, sir? I  
2 want -- I think you got cut out a little bit and I want  
3 to make sure you have your say.

4           A     Yes. The prior statement is that I'm aware  
5 of right now since our accountants are still working on  
6 2020 and will not be working on 2021 for a while, I  
7 would assume. Not much change in the future based on  
8 that information. We will go back and do what we need  
9 to do to correct that if there is a net quarterly  
10 income, but as right now, there has not been. So, as  
11 far as I'm aware of, that hasn't been the case. Those  
12 payments haven't yet happened or starting.

13          Q     Thank you. And could you turn to the third  
14 page of the document.

15                 BY MR. SCHULTZ:

16          Q     Actually, Paul, before you go there, Mr.  
17 Mueller, on the point about the valuation, did I  
18 understand you correctly that the valuation would be  
19 reflected in QuickBooks, you think, perhaps on a cost  
20 basis? Is that your testimony?

21          A     There's different ways to value. I mean,  
22 the biggest problem we have faced all of these years in  
23 auditing evaluation is that there's no -- the fund  
24 standard and a lot of the things that we're doing. I  
25 think -- by one of your questions today, you all are

1 still trying to figure out some o' the things that we've  
2 done. And so that cost money, and it takes time. And I  
3 have, you know, been in council with others, you know,  
4 over time. The economic cost to get third-party  
5 valuations or formal valuations and to do a lot of the  
6 other things that you're talking about just hasn't been  
7 worth the result. And so when we're talking about a  
8 valuation here and what I can go to right now and to  
9 follow through with this and to answer your question is  
10 what I would go to look at are certain elements, and  
11 those certain elements, one o' those is what I brought  
12 up, and that is by looking at the cost basis and the  
13 accounting transactions and financial statements by  
14 requesting this from the people or the accounting firm.

15           **Q      By looking at the cost basis, is that**  
16           **computing the fair market value?**

17           A      Well, I think the fair market value of a  
18 business can sometimes be unknown even by the best  
19 expert. And I think that -- we're talking about, and  
20 especially Deeproot Tech, has a lot of different assets,  
21 as we went before. So, hence, to be honest with you,  
22 with an R&D engineering firm in Pinball, which is a very  
23 small industry, you're not going to have a lot of  
24 preparables there to work against. And so there's a lot  
25 of -- with the tools that we have and the data we have,

1 my first place I would go to valuating of this is to  
2 look at what the cost basis is. And it also depends.  
3 For instance, you know, are we getting a fair market  
4 value, which is generically used there, but is there  
5 fair market value? Because I've been asked by, you  
6 know, XYZ party to provide it for this reason and this  
7 purpose. Or is it that we're wanting to sell our  
8 business to someone else, which is a completely  
9 different fair market value, you know, context and  
10 probably a different calculation, I would assume  
11 although I don't know. So I'm trying to see your --  
12 your question in the best way possible. And then, you  
13 know, this isn't just like two plus two equals four. It  
14 is quite complicated.

15           **Q       The first sentence of paragraph 8 after the**  
16           **words a valuation starts, in computing the fair market**  
17           **value of any investment of the funds, the parties agree**  
18           **that the investment affiliate shall be valued in a**  
19           **manner determining goof faith by investment affiliate to**  
20           **reflect its fair market value or by any third-party**  
21           **valuation professional or firm investment affiliate**  
22           **deems appropriate. My question is, now, was any effort**  
23           **undertaken in good faith by the investment affiliate to**  
24           **determine the fair market value or to compute the fair**  
25           **market value of the investments by the funds?**

1           A     Without reading -- rereading this agreement  
2     and how valuation is -- at what point valuation is  
3     required, if you would ask me for a valuation right now  
4     based upon this agreement, I would do -- start in good  
5     faith, as you put it, according to what my answer's  
6     already been, and that is looking at the cost basis.

7           **Q     With respect to Mr. Bohr's questions about**  
8     **split of net income, you said that there had not been**  
9     **any, to your knowledge, actual quarterly net income for**  
10    **Pinball. Is that correct?**

11  
12           A     Affiliates deeproot Tech, and deeproot Tech  
13     or Deeproot Pinball -- either one -- that I'm aware of  
14     right now has ever had net quarterly income.

15           **Q     We asked you a lot of questions earlier**  
16     **today about whether Tech or Pinball had any profit, and**  
17     **you did not seem able to answer those questions. But**  
18     **now, you're able to tell us that they did not have any**  
19     **net quarterly income. Can you explain that --**

20    MR. PRITKIN: Objection.

21           **Q     -- dichotomy?**

22           MR. PRITKIN: That mischaracterizes  
23     testimony.

24           A     And, Mr. Schultz, you're again trying to  
25     make a value judgment based upon false information.

1       returns are paid as such.

2           **Q      You said something to the effect of the**  
3   **reason for the change from the original version is the**  
4   **2019 version was -- am I understanding correctly that**  
5   **there was some confusion about whether the payments were**  
6   **dividends? Am I understanding that correctly?**

7           A      Yeah. That was one of many reasons and  
8   factors we changed a few things in 2019. But for your  
9   question, returns, that was one of the main changes that  
10   we did. Made it clear what the bans were for the  
11   deferred and the priority return amounts.

12          **Q      How is the 575 Fund supposed to pay these**  
13   **returns or dividends, capital gains that you're**  
14   **referring to?**

15          A      Well, the 575 P, which is the periodic  
16   election -- I'll just call it the 575 P if you're okay  
17   with that.

18          **Q      Sure.**

19          A      Those priority returns are paid monthly.  
20   And then the 575 D or deferred election, those are paid  
21   essentially as a capital gain at the call, at maturity.

22          **Q      Let me just take a step back to make sure I**  
23   **understand. So before the 2019 version of the 575 Fund,**  
24   **the -- we'll call them returns. Those were paid as**  
25   **dividends? Is that correct?**

1       **I'll share it momentarily.**

2                    MR. BERELOVICH: And it'll take a minute to  
3 load here. Sorry. Bear with me. It's still loading.

4       **Q      All right. I'm displaying Exhibit 38,**  
5 **which we've viewed previously. And I understand that**  
6 **you have a hard copy in front of you, Mr. Mueller.**

7 **Could you point me to the language that you're referring**  
8 **to regarding the advance?**

9       A      The company advance is on page 11 and 15.

10       **Q      Give me a moment to scroll down here.**

11       **Okay. And you're looking under the heading, company**  
12 **advance?**

13       A      Mm-hmm. Yes.

14       **Q      And --**

15       A      Sorry. I said mm-hmm, but yes.

16       **Q      Thank you. Let me just read this out here**  
17 **for the record, and you can let me know if this is the**  
18 **language that you're referring to. The company advance**  
19 **section reads, the company shall receive an advance of**  
20 **no less than two percent and no more than 20 percent of**  
21 **the initial principal of any class B shareholder. This**  
22 **amount covers agent compensation, if any, nominal**  
23 **administration expenses, IRA fees, other compensation,**  
24 **marketing costs, and the fund advisor fees. Despite an**  
25 **advance, 100 percent of the class B shareholder's**

1      principal shall be returned at the pay date. Did I read  
2      that correctly?

3            A      That is correct.

4            Q      And it's your position that this language  
5      in the 575 Fund PPM allows Deeproot to use the company  
6      advance to pay 575 P investors their periodic payments?

7            A      Yeah. Yes. I'm sorry.

8            Q      It doesn't say in this company advance  
9      section specifically that new investor money will be  
10     used to pay old investors. Does it, Mr. Mueller?

11          A      See, that specific language, no.

12          Q      Does this language suggest that new  
13     investor money will be used to pay old investors?

14          A      Think that we've never received to one  
15     question that I'm aware of ever with subscription about  
16     this provision right here from an investor, and I think  
17     that there's, you know, nominal administration expenses.  
18     Part of those is requirements, pay 575 P payments. That  
19     is clearly -- clearly, part of that, as I'm reading it  
20     right now. It was really intended to be part of that,  
21     and so --

22          Q      Which category of uses of the company  
23     advance that are listed here would cover payments to 575  
24     P investors?

25          A      As I just said, the closest would be the

1 nominal administration expenses.

2 Q The nominal would suggest not significant.

3 Correct?

4 A Well, I'm not going to argue with you about  
5 words, but --

6 Q Sure.

7 A It's more subjective.

8 Q Is there any other language here that would  
9 cover payments to existing 575 P investors with new  
10 investor money?

11 A Not under the advance section. No.

12 Q Is there any other language in this PPM or  
13 any other version of the 575 Fund PPM that you believe  
14 allows you to pay old investors with new investor money?

15 A I don't agree with that, that  
16 characterization, but I do agree that we have a wide  
17 latitude of discretion under the PPM and otherwise to  
18 make those decisions.

19 Q So there's no other language in this PPM  
20 that you would point to -- specific language in this PPM  
21 that you would point to that you believe allows you to  
22 use new investor funds to pay existing 575 P investors  
23 their monthly payments?

24 A No. I'm going to object to your  
25 mischaracterization of what I'm saying. But I'm not

1       calls for a legal conclusion and two, he's already  
2       answered this multiple times. He will answer it one  
3       final time.

4           A     I'm going to stick with my prior answer and  
5       that the language is there.

6           **Q     A little bit earlier, Mr. Mueller, you were**  
7       **discussing the various sources for the 575 P payments**  
8       **and I believe you listed three of them. The first was**  
9       **money coming in from other affiliates. The second was**  
10      **advances on new investor money. And the third was a**  
11      **loan. Can you explain the loan to me a little bit?**

12          A     I answered this before I believe to Mr.  
13       Bohr and that was the loan we took out in December to --  
14       to get fully caught up on payments we were behind due to  
15       COVID and that loan has since been repaid.

16          **Q     Let me just take a step back, right back to**  
17       **the -- to the advance language in the PPM, the company**  
18       **advance language in the PPM. Without telling us any**  
19       **discussions that you've had with counsel did you seek**  
20       **the advice of counsel regarding Deeproot's use of the**  
21       **company advance to pay 575 P investors?**

22           MR. PRITIKIN: Objection.

23          A     I'll answer that I've already answered that  
24       question.

25          **Q     I don't believe that you have answered the**

1       **specific question. What I'm asking is did you seek the**  
2       **advice of counsel in construing the company advance**  
3       **language to allow you to pay all investors this new**  
4       **investor money?**

5           A      Again, I will say that I've already  
6       answered the question multiple times in various forms  
7       through today's testimony.

8           **Q      It's a yes or no question, Mr. Mueller.**

9           A      I will say again that I've already answered  
10       the question that you're asking.

11          **Q      Let me go -- one more question on this**  
12       **point. This company advance language at least for the**  
13       **uses of the company advance. This language is the same**  
14       **or substantially the same throughout all versions of the**  
15       **575 Fund PPM. Is that correct?**

16          A      I don't remember whether it was put in in  
17       the beginning. Whether it was because of the effort to  
18       get the S-1. But it's obviously there in the most recent  
19       version that we looked at.

20          **Q      And just to clarify, Mr. Mueller, is there**  
21       **any language in any other version of this 575 Fund PPM**  
22       **or the DGRD PPM that you believe allowed you to use new**  
23       **investor funds to pay 575 P investor money?**

24           MR. PRITIKIN: Objection. He's asked and  
25       answered that multiple times. He's not going to do it

1                   MR. PRITIKIN: Don't produce anything  
2 except to counsel.

3                   A      Counsel -- so that's --

4                   MR. PRITIKIN: Okay.

5                   A      So Nate and Scott were -- are business  
6 development personnel for several years. Nate longer  
7 than Scott. They were reprimanded for several reasons  
8 in May of 2020. As a result, Nate couldn't take it and  
9 didn't accept it so he basically left very quickly.  
10 Scott said that he would stay on and see it through and  
11 I re-raised his salary back and he basically gave  
12 notice. Told me he was giving notice at the end of  
13 September and said oh, by the way, I really haven't done  
14 anything and I have no business in the pipeline and then  
15 some other, you know, choice comments which I was --  
16 very different from what he told me weeks prior to -- a  
17 month or more prior to him leaving. So it was a  
18 situation that I had to quickly get a hold of and a  
19 handle on and try to deal with as best as I could.

20                  **Q      You said reprimanded. What was he  
21 reprimanded for?**

22                  A      The reprimand was for a laundry list of  
23 items.

24                  **Q      Can you give me some examples?**

25                  A      I assume you've already talked to Nate and

1 incoming capital from new investors to be able to honor  
2 commitments to previous investors. While it may not be  
3 your design or intention, in functional operation it  
4 looks and feels like a Ponzi scheme and I cannot and  
5 will not be part of it.

6 Did I read that correctly?

7 A You read that correctly.

8 Q I take it, Mr. Mueller, that you disagree  
9 with this characterization of the Deeproot business?

10 A I absolutely do, but he did himself in the  
11 next sentence that's bold and underlined.

12 Q Okay. And what are the reasons that you  
13 disagree with the characterization of the Deeproot  
14 business as a Ponzi scheme?

15 A I've been very clear on -- and again in  
16 good faith I will repeat that this is a disgruntled  
17 employee who broke several covenants, took bonus that  
18 was supposed to be repaid, and he didn't. He wrote this  
19 as a CYA with a surprise left and left me with an  
20 absolute mess, most of which was his job duties to take  
21 care of that I had to deal with very little resources  
22 and time. And as a result, you know, I can't, again, get  
23 into discussions with what I talked about with attorney  
24 how to deal with this, et cetera. But this has all the  
25 hallmarks of CYA with it being bold and underlined right

1 after the, I'm not making any accusations toward you or  
2 anyone else, and do not know of anything that would  
3 confirm this scenario. Boom.

4 This was him trying to carve out some  
5 leverage on the way out. That he knew that he was  
6 leaving me in a mess, and was leaving finders and  
7 advisors and investors in a mess by going back on the  
8 promises he had made. And this is his way of having this  
9 CYA letter.

10 I'm not surprised he gave it to you because  
11 when the SEC comes calling, ensure that he's willing to  
12 do and say anything to keep himself out of it.

13 **Q And Mr. Allen wrote that he didn't know of  
14 anything that would confirm that Ponzi scheme scenario.  
15 That's because he didn't have access to Deeproot's bank  
16 records, right?**

17 A No, that's not correct. I take that very  
18 much to say what it is. I mean, Scott and Nate might  
19 not have been able to see the actual bank accounts, but  
20 they had full knowledge of money coming in, what was  
21 going out, what the budget was, what expenses are. Were  
22 in how much finders revenue paid, 575 P payments. Again,  
23 access to all of that information, policy information in  
24 the system at all times during their employment. And  
25 discussions that we had meetings that we had.

1           Q     And so because Mr. Allen, as you said, you  
2     know had full insight into money coming in, he was  
3     right, at least in part, wasn't he, that Deeproot does  
4     use incoming capital from her new investors to be able  
5     to honor commitments to previous investors. Right?

6           A     No, I would disagree with that  
7     characterization, but I give you kudos for trying.

8           Q     Why do you disagree with that  
9     characterization?

10          A     Because it's not true.

11          Q     So it's your testimony that Mr. Allen is  
12     lying in this letter that incoming capital from new  
13     investors was used to honor commitments to previous  
14     investors.

15          A     My response is that I don't believe that  
16     it's a completely truthful statement. I don't believe  
17     that it's representative of the amount of time that Mr.  
18     Allen was with the company and involved with what was  
19     going on. I think this was a momentary decision on his  
20     part to justify him leaving, breaking promises, taking  
21     money he didn't deserve or earn, and to walk away with a  
22     clear conscience so that he could sleep in bed at night.

23          Q     You said some time ago that Scott and Nate  
24     were expected to work with finders and investors. Did  
25     either of them have any responsibility to generate any

1       third and fourth week of March 2020. Things come out of  
2       the blue that hits you and give you a, you know,  
3       something you got to deal with, and you deal with it the  
4       best you can so.

5                 So, yeah. The intention was always to have  
6       reserves. And sometimes we were able to get a little  
7       reserve, but then you deal with the business situations  
8       that you have to deal with and that reserve. And at  
9       that time we did not have reserves, of course, or we  
10      would have used it to pay off investors?

11               **Q       What bank account, or bank accounts, were**  
12       **the reserves held in when you had the reserves?**

13               A       Usually the sweep account. We would just  
14      keep money in there. The DF sweep account. I don't know  
15      the account off the top of my head.

16               **Q       What was the source of funds for the**  
17       **reserves?**

18               A       It's the same as what we've talked about  
19      before.

20               **Q       So new investor money is one. Correct?**

21               A       Advances, yes.

22               **Q       Anything else?**

23               A       Money that came in from other sources,  
24      interest paid, maturity of some policies. We talked  
25      about some others, but I'm drawing a blank right now.

1     But, yes.

2           **Q      What documents would evidence that Deeproot**  
3      **has held those reserves?**

4           A      Bank statements.

5           **Q      By the sweep account, do you mean the Wells**  
6      **Fargo account in the name of Deeproot Funds, LLC?**

7           A      Yeah, so I'm sorry. When we log into Wells  
8      Fargo we are able to nickname the accounts, and so  
9      Deeproot Funds has two accounts in its company name.  
10     One we turned to sweep account and one we turned to  
11     corporate account. Corporate account typically is only  
12     used to either pay checks or like when we do the VFD and  
13     ASA, whatever that is. When we file with the State it  
14     comes out of that account as well.

15          **Q      All right. Give me a moment. I try to share**  
16      **Exhibit 74 here. Hopefully it'll cooperate. Here we go.**

17               **(SEC Exhibit No. 74 was marked for**  
18      **identification.)**

19          **Q      Are you able to see 74?**

20          A      Yes. Okay, this is the letter that I  
21      thought was form -- sorry. The letter that I thought was  
22      last time. So apologize for that light confusion.

23          **Q      No problem. I'm just going to state for the**  
24      **record that Exhibit 74 is a one-page document bearing**  
25      **Bates SEC- Deeproot-E-0008354. And it's a letter on**

1       this is that we would take care of investors who we  
2       missed payments for, which is not in the PPM and was  
3       merely done, and in goodwill, to try to -- how to do  
4       right by the investor, so.

5           **Q       So, just, you know, putting all these**  
6       **things together, the language in the PPM regarding an**  
7       **expectation of excess reserves and these two letters**  
8       **that both mention, or allude to the existence of**  
9       **reserves, I mean, don't you think that an investor**  
10      **reading those statements would probably think that there**  
11      **is some independent segregated pot of money that one**  
12      **could call excess reserves that would make their 575 P**  
13      **payments a little bit more secure?**

14           MR. PRITKIN: Objection. That calls for  
15       speculation.

16           A       I think that you're trying to find  
17       something, to dig something up. I don't think investors  
18       live their lives by that. I think that investors were  
19       like all we care about is we want our payments. And  
20       that's what I wanted to address the PPM.

21           How long is it in? What are you going to  
22       get? What's predictable? What can I expect? And  
23       following through with that. I think that same as with  
24       this letter. It's telling them, look, we're sorry. We  
25       know you just want your payment every month and to go on

1       about life. We're not able to do that right now, but  
2       we're going to get things back on track. We're going to  
3       make those payments up and make sure that we do our best  
4       not to have this happen again. And on top of that,  
5       we're going to credit some goodwill amounts to your  
6       accounts for the delayed payments.

7                  For me, if I was an investor, I wouldn't  
8       think twice about this. And I think you'll find that  
9       while we heard from a few investors that needed the  
10      money, we tried to work with them, we tried to give  
11      money to them as quick as possible, that we didn't hear  
12      from a majority of investors during this period. And in  
13      fact, we even had a couple write in and say thank you  
14      for being honest. We wish you the best. Just kind of  
15      keep us informed on when things will get back under  
16      control, so.

17                  At the end of the day, if you want to  
18      create, you know, a blazing fire that burns down in city  
19      after, you know, out of a small spark that that's your  
20      siren. I think that you find that most of the time,  
21      especially in this one, we did the best we can with the  
22      situation at hand we were dealt. We put the investors  
23      first and we followed through with what we promised, and  
24      that is to catch up on and provide the goodwill  
25      payments.

1 the same things that we talked about about my sources.  
2 We talked about the language in the PPM regarding  
3 advances with as far as risk. I think at the end, the  
4 PPM speaks for itself.

5 BY MR. BAGNALL:

6 Q Mr. Mueller, this is George Bagnall again.  
7 And I hear what you're saying, and I know we went  
8 through this before. I think though, to be fair, the  
9 questions we were asking before were specific to  
10 payments to the 575 P investors and the discussion of  
11 the PPM in that context. What we're asking here is a  
12 little different. What we're asking here is, were  
13 payments that were made to the investors in the  
14 debenture funds using new capital from 575 investors?  
15 Okay? So that's -- it's a different situation. We  
16 haven't asked you about that. What we're trying to get  
17 is your answer as to whether -- is it your view that the  
18 same provision of the 575 PPM disclosed to investors  
19 that their capital investments in the 575 Fund could be  
20 used to pay obligations to investors in the debenture  
21 funds?

22 A I think that I did understand that  
23 difference in what was asked, but I think that the  
24 answer that I gave just a few minutes ago, not -- but  
25 just a few minutes ago, was almost identical -- used

1       almost identical to what was talked about, or I'm just  
2       presuming that would be the PPMs. Otherwise, we've  
3       talked about all the circumstances around 575 P  
4       payments. We talked about all the circumstances around  
5       the debentures. Talked about maturities. We've looked  
6       through the several sections of the PPM. And if you  
7       still want to grab at straws, I don't know what else to  
8       say other than what I've said before.

9           **Q       Well, I guess I -- I'm sorry if I didn't**  
10          **understand your prior testimony. Is it the case then**  
11          **that yes, that is what you're saying? That same**  
12          **provision of the 575 PPM disclosed to investors that new**  
13          **capital could be used to pay obligations to the**  
14          **debenture investors?**

15           MR. PRITKIN: I'll object. Go ahead.

16           A       I would say that that is one of several  
17       different points that -- or pieces of testimony that  
18       I've given today. Yes.

19           MR. BAGNALL: Okay. Thank you, sir.

20           MR. BOHR: Okay. I think we can start to  
21       wrap up for the day.

22           BY MR. BOHR:

23           **Q       Mr. Mueller, do you wish to clarify**  
24          **anything or add anything to the statements you've made**  
25          **today?**